



USAID | WEST BANK/GAZA

February 19, 2008
2008-WBG-03

TO: All USAID/West Bank and Gaza Contractors, Grantees and Recipients

SUBJECT: Reminder: Zero Value Added Tax (VAT) Decree for USAID projects in Gaza

This is a reminder to all partners of the decree issued by President Abbas on July 15th 2007 that eliminated VAT and certain other taxes and fees in the Southern Government (Gaza). On August 14, 2007, USAID/West Bank and Gaza issued Mission Notice No. 2007-WBG-25, which provided a zero tax exemption letter from the Ministry of Finance for avoiding VAT at the point of sale in Gaza, in accordance with the Presidential decree.

All implementing partners are encouraged to utilize the zero tax exemption letter, in order to avoid paying VAT in Gaza. Any VAT payments or other taxes or fees incurred in Gaza that were eliminated by the presidential decree are unallowable costs under USAID-funded programs.

For the purpose of any future financial audits under your program, any invoice which does not indicate zero VAT will be considered to include VAT and therefore may be subject to an audit finding and determination of unallowability by the Contracting/Agreement Officer.

Please address any questions or concerns regarding this matter to me at shysi@usaid.gov or to Ms. Abeer Odeh at aodeh@usaid.gov.

Sincerely,

Sonila Hysi
Acting Director, Office of Contracts Management
USAID/West Bank & Gaza